

LISTING APPLICATION TO
NEW YORK STOCK EXCHANGE, INC.

B-4126
May 2, 1974

THE GRAND UNION COMPANY
600,000 ADDITIONAL SHARES OF COMMON STOCK
1973 STOCK OPTION PLAN

Number of Shares of Common Stock Presently Issued (Including 336,554 Treasury Shares)	6,609,078	Number of Holders of Common Stock of Record as of April 22, 1974	14,468
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DESCRIPTION OF TRANSACTION

Reference is made to the Prospectus dated April 22, 1974 relating in part to the above 600,000 additional shares of Common Stock, \$5 par value, of The Grand Union Company issuable upon exercise of options granted or to be granted on or before December 31, 1977 pursuant to the Company's 1973 Stock Option Plan dated March 22, 1973, and approved by the Common Stockholders of the Company on May 23, 1973. A copy of such Prospectus is incorporated herein by reference and made a part of this application for listing.

RECENT DEVELOPMENTS

Since the last Annual Report of the Company, there have been no important developments affecting the Company or its business that have not received publicity or are not referred to in the above-mentioned Prospectus.

AUTHORITY FOR ISSUANCE

The Board of Directors recommended stockholder approval of the Plan and authorized the issuance of shares covered by this application upon exercise of options granted under the Plan, subject to such approval, at a meeting held on March 22, 1973, which approval was obtained on May 23, 1973. No other authority is necessary.

OPINION OF COUNSEL

In the opinion of Messrs. Sullivan & Cromwell, 48 Wall Street, New York, N. Y. 10005, the shares of Common Stock covered by this application will be duly authorized, validly issued, full-paid and non-assessable, when such shares are issued in accordance with the resolutions of Grand Union's Board of Directors adopted at a meeting held on March 22, 1974, issued in accordance with the terms of the Plan and issued in accordance with the terms of options outstanding under the Plan. Under the laws of the State of Delaware, and the State of New Jersey, where the principal office of the Company is located, the holders of such shares will not be subject to personal liability by reason of being such holders. A Registration Statement under the Securities Act of 1933, as amended, is in effect as to the shares covered by this application.

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Mr. Robert J. McDonald, a partner of the above-named law firm, is a Director of the Company.

THE GRAND UNION COMPANY

E. R. SILVERS, JR.
Secretary

The New York Stock Exchange, Inc. hereby authorizes the listing of 600,000 additional shares of Common Stock, \$5 par value, of The Grand Union Company upon official notice of issuance under the Company's 1973 Stock Option Plan, making a total of 7,745,145 shares of Common Stock authorized to be listed.

PROSPECTUS

THE GRAND UNION COMPANY

COMMON STOCK

(Par Value \$5 Per Share)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE
SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION
PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

1973 STOCK OPTION PLAN

The outstanding Common Stock of the Company is fully listed on the
New York Stock Exchange.

The date of this Prospectus is April 22, 1974.

GENERAL INFORMATION

The 1973 Stock Option Plan (the "Plan") of The Grand Union Company (the "Company"), the principal offices of which are located at 100 Broadway, Elmwood Park, New Jersey 07407, was approved by the stockholders on May 23, 1973. The Plan was created for key employees of the Company and the following subsidiaries: North American Equipment Corporation, Stop and Save Trading Stamp Corporation, Grand Union Stores, Inc. of Pennsylvania, Grand Union Stores, Inc. of Vermont, Grand Union of Martinsburg, Inc., Grand Union Stores of New Hampshire, Inc., Oxon Run, Inc. and S. & G. Distributors, Inc.

The Plan is designed as an incentive device to attract and retain competent management personnel by providing key employees of the Company and certain of its subsidiaries with an opportunity to purchase the Company's Common Stock, \$5 par value (the "Common Stock").

It is intended that only non-qualified stock options be granted under the Plan. The grant of a non-qualified stock option results in no taxable income to the recipient or deduction for the Company. Upon exercise of the option, the holder will realize ordinary income in the amount by which the fair market value of the shares at the time of exercise exceeds the option price. Such amount will be deductible by the Company.

In addition to the Plan, the Company has an Employees' Qualified Stock Option Plan (the "1964 Plan"), which was approved by stockholders on May 27, 1964. These Plans, which are hereinafter collectively referred to as the "Plans", constitute the Company's employee stock option program. Shares issued pursuant to options granted under the 1964 Plan are covered by a Form S-8 Registration Statement, Registration No. 2-23844, which became effective on August 13, 1965. Options were granted under the 1964 Plan to all employees of the Company and certain of its subsidiaries who had completed certain periods of continuous service.

THE PLAN

Administration

The Board of Directors may from time to time amend the Plan, except that: (i) no amendment may affect or modify an option granted under the Plan without the consent of the optionee involved, and (ii) the approval of the Company's stockholders is required to increase the aggregate number of shares available for options or to change the eligibility requirements for options. The Board of Directors may terminate the Plan at any time with respect to any shares for which options have not been granted, and it is responsible under the Plan for the allocation of options among eligible employees, including the determination of terms and conditions of the options.

In all other respects the Plan is administered by a Committee known as the Stock Option Committee (the "Committee"), appointed from time to time by the Board of Directors of the Company from among its members or its former members. The Board of Directors may act upon recommendations of the Committee. The Company bears all administrative costs of the Plan.

The names and addresses of the present members of the Committee, all of whom are members of the Company's Board of Directors, are as follows:

<u>Name</u>	<u>Address</u>
S. William Green, Chairman	55 Liberty Street, New York, N. Y.
Thomas C. Butler	100 Broadway, Elmwood Park, N. J.
Irving Kahn	120 Broadway, New York, N. Y.
Arthur J. Quinn	1230 Avenue of the Americas, New York, N. Y.

Participation

As stated above, options are to be granted only to key employees of the Company and its subsidiaries. No options may be granted under the Plan after December 31, 1977. The Board of Directors determines the eligibility, without regard as to length of continuous service, of each employee (including officers), the number of shares to be granted (within the limits imposed by the Cost of Living Council), the number of shares allocated under each option and the terms and conditions under which options are granted. The Board of Directors has determined that in general, but not in every case, the number of shares optioned to employees under the Plan will be based on compensation received by them, and there is no minimum or maximum number of shares which may be optioned to any one eligible employee. No person while a member of the Committee, or director who is not otherwise employed by the Company may be granted an option under the Plan.

Under the Plan 600,000 shares have been authorized by the stockholders for optioning to eligible employees. The Board of Directors has granted 150,000 shares for allocation under options, and of this amount 149,025 shares have been allocated under option to such employees, including an aggregate of 22,900 shares allocated under option to eligible officers and directors of the Company as a group.

The approximate number of employees participating in the Plan is 1,284.

Exercise of Options

The Plan provides that no shares may be purchased under an option after seven years from the date it is granted, or after December 31, 1984, whichever date occurs sooner.

Options allocated under the Plan are evidenced by non-transferable stock option warrants (the "Warrants"). Options may be made exercisable in installments, and options or installments thereof may be exercised in part from time to time on any business day, except that (i) no option may be exercised during the six-month period commencing with the date of the option and (ii) during the next succeeding six-month period, no more than 50% of the shares purchasable under the option may be purchased. Maturity of any installment or installments may be accelerated at the discretion of the Committee.

The Plan specifies that no option may be exercised after termination of employment of an employee with the Company or its subsidiaries, except that: (i) if such termination of employment is (a) upon retirement at any

age entitling the participant to a retirement benefit under the Company's Employees' Retirement Plan or (b) due to disability, any options held by the employee which are then exercisable, or which by acceleration become exercisable, may be exercised by him within three months after such termination; or (ii) in the event of death of an employee during his employment or within three months after his employment terminates by retirement or disability described in (i) above, any options held by the employee which are then exercisable or which by acceleration become exercisable, may be exercised within nine months after his death by the person or persons to whom the employee's rights under such options are transferred by will or the laws of descent and distribution.

Purchase Price

Under the Plan the purchase price of shares under each option shall not be less than 100% of the fair market value of such shares at the time of grant of the option.

Adjustments

The Plan provides that if the outstanding shares of the Common Stock of the Company shall be increased or decreased or changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation, whether through reorganization, merger, consolidation, recapitalization, stock split-up, combination of shares, stock dividend or otherwise, the Board of Directors shall make appropriate adjustments in the number or kind of shares or securities available for option pursuant to the Plan, and in the number or kind of shares or securities deliverable upon the exercise thereafter, and the purchase price therefor. The determination of the Board of Directors as to such adjustments shall be conclusive.

Payment for Shares

Full payment for any shares purchased pursuant to the option must accompany the purchase order form pursuant to which an option is exercised in whole or in part.

Assignability of Options

Each option granted under the Plan and all rights thereunder are non-assignable and non-transferrable, except that each option may be exercised by the legal representative of a deceased employee within the period set forth under "Exercise of Options".

OPTIONS TO PURCHASE SECURITIES

In addition to the Plan, the Company has outstanding qualified stock options for the purchase of shares of Common Stock of the Company under the 1964 Plan. Options may no longer be granted under the 1964 Plan. The term for granting options thereunder expired on December 31, 1969. Shares covered by such options are purchasable as provided in the stock option warrants (with extensions in the event of retirement, disability or death upon terms similar to those in the Plan), but no shares are purchasable under any option issued under the 1964 Plan more than five years after the date of the option or December 31, 1974, whichever occurs sooner. Shares not so purchased may no longer be reoptioned. The purchase price per share under each option granted under the 1964 Plan could not be less than 100% of the fair market value of the Common Stock of the Company as determined by the Board of Directors at the time such options were granted.

OPTIONS OUTSTANDING

As of February 22, 1974, options were outstanding to purchase shares of Common Stock pursuant to the Plans as follows:

	<u>No. of Shares</u>	<u>No. of Holders</u>	<u>Purchase Price</u>	<u>Expiration Date</u>
1964 Plan	31,114	650	\$24.25	9/11/74
	4,300	34	24.50	12/11/74
1973 Plan	142,875	1,252	11.375	7/22/80
	6,150	32	13.00	7/22/80

The market value of the Common Stock called for by such options, based on the last reported sale price (\$13.00) on the New York Stock Exchange on February 22, 1974 was approximately \$2,398,000.

The following table sets forth certain information as to such of the above options under the Plans as were held, as of February 22, 1974 (1) by each director, and each of the three highest paid officers, of the Company, whose aggregate direct remuneration exceeded \$30,000 in the Company's fiscal year ended March 3, 1973, and (2) by all directors and officers of the Company as a group:

<u>Name of Individual or Identity of Group</u>	<u>Plan</u>	<u>No. of Shares</u>	<u>Purchase Price</u>	<u>Expiration Date</u>
C. G. Rodman	1973	3,500	\$11.375	7/22/80
E. E. Brightman	1964	500	24.25	9/11/74
	1973	1,800	11.375	7/22/80
E. R. Silvers, Jr.	1964	500	24.25	9/11/74
	1973	1,800	11.375	7/22/74
All directors and officers as a group	1964	7,000	24.25	9/11/74
	1964	500	24.50	12/11/74
	1973	22,900	11.375	7/22/80

The market value of the Common Stock called for by such options granted to (i) the directors and officers named above and to (ii) all directors and officers as a group, based on the last reported sale price (\$13.00) on the New York Stock Exchange on February 22, 1974 was \$13,000 and approximately \$98,000 respectively, under the 1964 Plan, and approximately \$93,000 and \$298,000 respectively, under the 1973 Plan.

MARKET PRICES OF COMMON STOCK

During the calendar periods beginning January 1, 1968 through February 22, 1974, the closing market prices of the Common Stock on the New York Stock Exchange were reported to have ranged as set forth in the table below. Such market prices are adjusted to the nearest one-eighth to reflect the 5% dividend paid in Common Stock during the fiscal period ended in 1969.

<u>Period Ended</u>	<u>Price Range</u>	
	<u>High</u>	<u>Low</u>
December 31, 1968	31 1/8	19 1/4
December 31, 1969	28 1/2	21 3/4
December 31, 1970	28 7/8	22 1/8
December 31, 1971	33	18 1/4
January 1, 1972 through March 31, 1972	22	19
April 1, 1972 through June 30, 1972	19 5/8	16
July 1, 1972 through September 30, 1972	16 3/8	14 1/4
October 1, 1972 through December 31, 1972	17	13 5/8
January 1, 1973 through March 31, 1973	16 1/2	13 5/8
April 1, 1973 through June 30, 1973	14 1/2	9 7/8
July 1, 1973 through September 30, 1973	13 7/8	9 3/4
October 1, 1973 through December 31, 1973	16 1/8	11 1/8
January 1, 1974 through February 22, 1974	13 1/4	11 3/4

The closing market price of the Common Stock on the New York Stock Exchange on April 19, 1974 was reported to have been \$12.75.

On June 26, 1969, the Company's Board of Directors authorized the purchase by the Company, in the open market or otherwise, of up to 500,000 shares of the Company's Common Stock. Such shares are, initially at least, to be held in the Company's treasury. As of February 22, 1974, 309,418 shares had been purchased pursuant to this authorization at prices ranging from \$15.25 to \$28.50.

RECENT DEVELOPMENTS

On November 15, 1973, Cavenham Limited ("Cavenham"), a British company, made a cash tender offer for up to 3,200,000 shares of the Common Stock (approximately 51%) at a price of \$19.00 per share. The Board of Directors of the Company neither approved nor opposed the offer. The offer was over-subscribed, with more than 5,200,000 shares being tendered. On December 3, 1973, Cavenham announced that its wholly-owned subsidiary Cavenham (Overseas) Limited ("Cavenham-Overseas"), also a British company, would purchase 3,200,000 shares. Through this tender offer, Cavenham and Cavenham-Overseas have acquired working control of the Company. Further information concerning Cavenham and Cavenham-Overseas is included under Stock Ownership on page 9.

On November 10, 1972, the Company entered into a Revolving Credit and Loan Agreement (the "Loan Agreement") with two banks. The Loan Agreement provides that the Company may borrow, repay and reborrow up to \$25,000,000 through November 10, 1975, and on or before that date the Company may convert the amount outstanding into a seven-year term loan payable in 28 equal quarterly installments. Loans made under the Loan Agreement bear interest at a rate equal to (i) through November 9, 1973, the agent bank's prime commercial rate, (ii) from November 10, 1973 through November 9, 1975, 1/4 of 1% above such prime rate, (iii) from November 10, 1975 through November 9, 1980, 1/2 of 1% above such prime rate, and (iv) thereafter, 3/4 of 1% above such prime rate, provided that if the average interest paid during the term of the Loan Agreement exceeds 7-3/4%, the excess will be refunded to the Company upon the termination of the Loan Agreement. The Company is obligated to pay a commitment fee of 1/2 of 1% per annum on the unused balance of the amount available during the period of the revolving credit. There is no requirement that compensating balances be maintained.

On September 5, 1973, the Company entered into a Note Purchase Agreement (the "Note Agreement") with an insurance company, pursuant to which the Company has issued its promissory note in the amount of \$20,000,000. Under the terms of the Note Agreement, the Company will issue a second promissory note in the amount of \$15,000,000 on or before June 27, 1974. Both notes bear interest at a rate of 8% per annum and are payable in annual installments (in the aggregate for both notes) as follows: \$1,000,000 in the years 1979 through 1983; \$2,500,000 in the years 1984 through 1988; and \$3,500,000 thereafter until maturity in 1993.

Both the Loan Agreement and the Note Agreement contain covenants by the Company as to the maintenance of a minimum amount of consolidated working capital. Under the more restrictive covenant in the Note Agreement, the Company agreed that its working capital, as defined, would at no time be less than \$65,000,000. On March 3, 1973, the Company's consolidated working capital exceeded this amount by approximately \$650,000.

SUMMARY OF EARNINGS

The following summary of earnings of the Company and subsidiaries has been examined by Coopers & Lybrand, independent certified public accountants, to the extent indicated in their report appearing herein. Such summary should be read in conjunction with the financial statements of the Company and subsidiaries for the fiscal periods ended March 3, 1973 and February 26, 1972, and with the report of Coopers & Lybrand, with respect thereto, all of which are contained in the Annual Report to Stockholders for 1972. Such financial statements and the report of Coopers & Lybrand, are incorporated herein by reference.

Fiscal periods ended (1)

	March 3, 1973	February 26, 1972	February 27, 1971	February 28, 1970	March 1, 1969
Thousands of Dollars Except for per share amounts.					
Net Sales	\$1,379,681	\$1,304,411	\$1,200,831	\$1,113,374	\$1,017,413
Gross Profit	292,951	282,191	261,869	242,910	219,064
Operating and General Expenses	277,162	254,901	230,381	209,767	190,212
Interest on Promis- sory Notes Payable and Debentures	111	193	248	302	434
Other Income or Deductions*, Net	1*	359*	317	45	1,019
Income Taxes (2)	6,685	12,720	15,180	17,690	14,080
Income before extra- ordinary items	8,992	14,018	15,741	15,196	13,319
Extraordinary items (3)	612	1,000	-	-	-
Net Income	\$8,379	\$13,018	\$15,741	\$15,196	\$13,319
 Per Common Share: (4)					
Income before extra- ordinary items	\$1.40	\$2.16	\$2.42	\$2.30	\$2.02
Extraordinary items	.10	.16	-	-	-
Net Income	1.30	2.00	2.42	2.30	2.02
Cash Dividends	\$.80	\$.80	\$.80	\$.80	\$.59
Stock Dividend	--	--	--	--	5%

NOTES TO SUMMARY OF EARNINGS:

1. The above fiscal periods comprise fifty-two weeks each, except for the fifty-three week period ended March 3, 1973.
2. Current investment tax credits are taken into income as the related assets are placed into service. Investment tax credits for the periods ended in 1969 through 1973, inclusive, amounted to \$700,000, \$175,000, \$200,000, \$550,000 and \$950,000, respectively.

Income taxes also includes net charges for deferred taxes on income in the following amounts: \$386,000, \$270,000, \$1,051,000, \$366,000 and \$408,000, respectively, for the fiscal periods ended in 1969 through 1973, inclusive. Deferred taxes result principally from the deduction of a larger amount of depreciation for income tax purposes, as a result of the use of an accelerated depreciation method and higher rates, over that provided on the books.

3. Extraordinary items for the fiscal period ended in 1973 consist of estimated losses of \$1,120,000 net of income tax benefit of \$1,120,000 of which \$920,000, is deferred, from the closing of 5 stores completing the consolidation and streamlining of the Grand Way Division less a gain of \$507,859, net of \$217,654 income taxes, on the sale of 264,874 shares of Mortgage Growth Investors. The average cost method was used to determine the cost of the securities sold. The extraordinary item for the fiscal period ended in 1972 represents a provision for estimated losses in connection with discontinuing certain supermarkets and Grand Way stores. The provision was net of related income tax benefit of \$1,000,000.
4. Based on the average number of shares outstanding during the respective periods, adjusted in 1969 for the 5% Common Stock dividend. The average number of shares outstanding during the fiscal periods ended in 1969 through 1973, inclusive, were 6,479,445, 6,517,394, 6,437,146, 6,435,156 and 6,358,143, respectively.

The annual dividend requirement on the 4½% Cumulative Preferred Stock, \$50 par value, outstanding at March 3, 1973 is approximately \$103,000. Earnings per share are stated after dividends paid on preferred stock.

5. Rents charged to income for the fiscal periods ended in 1969 through 1973, inclusive, amounted to approximately \$17,787,000, \$18,539,000, \$19,428,000, \$22,020,000 and \$22,933,000 respectively.
6. Depreciation and amortization charged to income for the fiscal periods ended in 1969 through 1973, inclusive, amounted to approximately \$9,923,000, \$10,638,000, \$11,570,000, \$12,845,000 and \$13,938,000, respectively.

Based upon unaudited financial statements, net sales and net income of the Company and its subsidiaries for the thirty-nine week period ended December 1, 1973 were approximately \$1,097,961,000 and \$4,789,000 (\$.74 per share) respectively, compared with net sales of approximately \$992,802,000, income before extraordinary items of \$5,668,000 (\$.88 per share) and net income of \$5,056,000 (\$.78 per share) respectively, for the thirty-nine week period ended November 25, 1972. In the opinion of the Company, all adjustments necessary to a fair statement of the results for such interim periods (consisting only of normal recurring accruals) have been included. Net sales and net income for the thirty-nine week period ended December 1, 1973 are not necessarily indicative of net sales and net income which may be expected for the remaining quarter of the 1973 fiscal year, or the results for such year as a whole.

In recent years, because of intense price competition in the northeast and sharp increases in the costs of goods purchased and higher costs of operations, the Company has lowered margins to increase its sales. The increased competitive activity coupled with sharp increases in the Company's costs of doing business were the primary reasons for the lower rate of profit.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Grand Union Company
Elmwood Park, New Jersey

We have made annual examinations of the consolidated financial statements of The Grand Union Company and subsidiaries for the five fiscal periods ended March 3, 1973, and have examined the Summary of Earnings for those periods which appears in this Prospectus. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Summary of Earnings in this Prospectus presents fairly the consolidated net income and other data shown therein for the five fiscal periods ended March 3, 1973, in conformity with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND

April 16, 1973,
Newark, New Jersey.

STOCK OWNERSHIP

The following table shows, as of February 22, 1974, the holdings as to Common Stock and 4½% Cumulative Preferred Stock, \$50 par value, of the Company of each person who owns of record, or who is known by the Company to own beneficially, more than 10% of any class of such securities as of such date:

<u>Name and Address</u>	<u>Title of Class</u>	<u>Type of Ownership</u>	<u>Amount Owned</u>	<u>Approx. Percent of Class</u>
Cavenham (Overseas) Limited (1) By-Pass Road Buckinghamshire, England	4½% Cumulative Preferred Stock \$50 par value Common Stock	None Of Record	3,200,000	50.1%
The Mutual Benefit Life Insurance Co. 520 Broad Street Newark, N. J. 07102	4½% Cumulative Preferred Stock \$50 par value Common Stock	Of Record None	4,645	10.2%
The Mutual Life Insurance Company of N. Y. 1750 Broadway at 55th Street New York, New York 10019	4½% Cumulative Preferred Stock \$50 par value Common Stock	Of Record None	6,717	14.8%

(1) Cavenham (Overseas) Limited is a wholly-owned subsidiary of Cavenham Limited ("Cavenham"). The following information regarding Cavenham was contained in the Offering Circular for its cash tender offer:

Cavenham is an English company engaged primarily in the United Kingdom and elsewhere in Western Europe in the operation of supermarkets and other retail food outlets and in the manufacture and sale of food and food products, veterinary products and animal foodstuffs, pharmaceuticals and diet products. The shares of Cavenham are traded publicly in Europe. According to the Schedule 13 D filing of Cavenham Overseas, it is the holder of securities of companies located outside the United Kingdom which are owned by Cavenham.

Approximately 34% of the outstanding stock of Cavenham is owned by Generale Occidentale S. A. ("General"), a French company, the shares of which are traded on the Paris Bourse. In addition to its interest in Cavenham, the principal assets of General include interests in companies engaged in the banking, real estate, insurance brokerage, investment trust and food businesses.

Approximately 17% of the outstanding stock of General and approximately 1.2% of the outstanding stock of Cavenham are owned by James M. Goldsmith, who is Chairman of both Cavenham and General. Family trusts of Mr. Goldsmith and persons with whom he engages in significant business relationships own additional shares of General's stock.

DESCRIPTION OF COMMON STOCK

Dividend Rights: Subject to the restrictions of the Indenture and Loan Agreement referred to below and to the dividend rights of the 4½% Cumulative Preferred Stock, \$50 par value (the "Preferred Stock"), dividends may be paid on the Common Stock as declared by the Board of Directors from funds available therefor.

Holders of the Preferred Stock are entitled to receive preferential cumulative quarterly dividends at the rate of 4½% per annum, and any deficiency must have been fully provided for before any dividends may be paid or other distributions made on the Common Stock. The Indenture under which the Company's 4-1/8% Subordinated Debentures due 1978 were issued limits the Company's capability to pay dividends on or acquire shares of Common Stock, but this limitation is less restrictive than similar limitations described in the following paragraph.

Both the Loan Agreement and the Note Agreement (see Recent Developments), contain restrictions on the Company's capability to make dividend payments on or purchases of the Common Stock ("Restricted Payments").

Under the Loan Agreement, commencing with the accounting period beginning on February 27, 1972, no Restricted Payments may be made if the aggregate of all Restricted Payments exceeds the sum of (i) \$5,000,000, (ii) consolidated net income before extraordinary charges and (iii) aggregate net proceeds from the sale of capital stock to the extent such proceeds do not exceed the aggregate amount expended to acquire, redeem or retire capital stock.

Under the Note Agreement, commencing with the accounting period beginning on March 4, 1973, no Restricted Payments may be made in excess of an amount equal to (i) the sum of (a) \$10,000,000, plus (b) 75% of consolidated net earnings (or minus 100% of any deficit) minus (ii) the sum of (a) the aggregate amount of all dividends and distributions plus (b) the excess of the aggregate amount expended to acquire, redeem or retire capital stock over the aggregate amount received as the net cash proceeds of the sale of stock.

At March 3, 1973, the Company had approximately \$7,100,000 of retained earnings free from the presently more restrictive of the aforementioned covenants.

Voting Rights: Except as stated below, holders of the Common Stock possess full voting power for all purposes and are entitled to one vote per share. If dividends on the Preferred Stock in an amount equal to six quarterly dividends are in arrears, holders of the Preferred Stock are entitled to elect two directors at the annual meeting and holders of the Common Stock are entitled to elect the remaining directors; when all arrears have been paid or declared and the current dividend declared, the holders of the Preferred Stock are divested of voting power for directors. The holders of the Preferred Stock are not entitled to vote in respect of other matters, except as may be specified by Delaware law and except that the consent of the holders of two-thirds (66-2/3%) of the outstanding shares of Preferred Stock is required for the Company to (a) authorize any stock or class of stock having preference or priority over the Preferred Stock as to dividends or assets or (b) amend the Company's Certificate of Incorporation so as to affect adversely the preferences or other rights thereby given to the Preferred Stock.

Liquidation Rights: On liquidation, dissolution or winding up of the Company, or in the event of any reduction of the Company's capital resulting in any distribution of its assets, the holders of the Common Stock are entitled to receive, as a class, pro rata, the assets of the Company available for distribution to stockholders after payment to the holders of the Preferred Stock of \$50 per share if such liquidation, dissolution, winding up or reduction of capital shall have been involuntary, or \$52 per share if it shall have been voluntary, plus, in each case, accrued dividends.

Preemptive Rights: The preemptive right of the holders of the Common Stock has not been altered or abridged, except that such holders have no preemptive right in respect of shares of Common Stock issued or to be issued upon exercise of options granted pursuant to the 1964 and 1973 Plans.

Miscellaneous: In the case of outstanding shares of Common Stock there is no liability, and in the case of authorized but unissued shares of Common Stock to be issued upon exercise of options there will not be any liability, for further calls or assessments. There are no conversion rights and no redemption or sinking fund provisions.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those to which it relates, or any such offer or solicitation of such offer of those securities to which it relates to any person in any jurisdiction where such offer or solicitations of such offer would be unlawful. The delivery of this Prospectus at any time does not imply that the information herein is correct as of any time subsequent to its date.

The Grand Union

Company



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PROSPECTUS

Dated April 22, 1974

